

# The AMERICAN OBSERVER

*A free, virtuous and enlightened people must know well the great principles and causes on which their happiness depends. — James Monroe*



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JULY 23, 1934

## Policies of Little Entente Felt Abroad

**Union of Czechoslovakia, Rumania and Yugoslavia Holds Revision Movement in Check**

### RELATIONS WITH RUSSIA BETTER

**France Sees Hope of Security by Supporting Central European Bloc**

It has become increasingly apparent during the last year or so that the little Entente, composed of those three states in central Europe—Czechoslovakia, Rumania, and Yugoslavia—which were built largely from the ruins of the old Austro-Hungarian monarchy, is a major force in European politics. While its diplomatic maneuvers have in the main been less dramatic than those of the great powers, its influence has nevertheless been a potent factor in shaping European history of the post-war period. The position of this group of countries has so solidified that the Little Entente is spoken of today as the "sixth great power" of Europe, sharing in prominence the places occupied by Great Britain, France, Germany, Italy and Soviet Russia.

#### Role in European Politics

In the present European drama, the Little Entente occupies a position of strategic importance. Located in the central and southeastern sections of the continent where there is a perpetual tussle among the French, the Germans, and the Italians for political and economic advantage, its every move affects directly the whole continental scene. No major decision can be made by the powers without due consideration of the reaction it will have upon the Little Entente. Thus, in the constant juggling for control of Austria, in the French diplomatic game of thwarting German dreams of aggrandizement, in the Soviet reentry into the European political arena as a major force—in a word, in all the important political developments on the continent, the Little Entente plays a role of no mean proportions.

In order to understand the present status of the Little Entente and to appreciate the part it plays in this critical period of European affairs, it is necessary to glance briefly over the history of this group of nations. The three states joined hands at the close of the World War in an effort to insure the gains which they had made through the peace settlement. Each felt that it stood a much better chance of preserving its national existence if it united with the others to form a solid block than it would by acting alone. Theirs was originally a negative objective. Primarily, the Little Entente was formed as a bulwark against Hungary. The members wanted to prevent the resurgence of Hungary to anything like its pre-war status. And, it should be remembered, Hungary was their logical enemy, for a large part of their territory had been taken from that country, and the movement for revision of the Treaty of Trianon was, even at that time, strong. Thus, they were intent upon hemming Hungary in on three sides and preventing her from taking any action which might injure them.

(Concluded on page 6)



—Fitzpatrick in St. Louis POST-DISPATCH

"I COVER THE WATERFRONT"

## The Price of Inaction

When the general strike was called in San Francisco the people of that city had a taste of war. Conditions resembled those of a city under siege. As employers and workers came to grips the public suffered the consequences. The nation looked on with startled alarm, realizing that disturbances elsewhere were threatened; that new outbreaks were occurring faster than old ones were being calmed. Capital-labor controversies were seen to be matters of common concern.

It is high time that people were waking to the danger of unregulated labor practices. In fact, it is a little late. The menace of threatened friction in the industrial world was apparent last spring. Every fairly well informed person knew that strikes and riots and lockouts, with all their paralyzing effects upon business, were highly probable. It was clear enough that machinery for the effective handling of these disputes was lacking. It was evident that such machinery should be devised. Proposals were made in Congress, calling for the writing of codes of fair labor practices and for the establishment of governmental boards with power to enforce these codes; with power to insure some semblance of justice between employers and employees.

This proposed legislation was defeated. The plans for effective governmental authority were put aside, and in their place there was substituted legislation so emasculated as to be almost worthless. The defeat of forceful legislation was due in large part to the opposition of selfish but short-sighted business leaders, who wanted a free hand in dealing with labor. An influential section of business opinion fought against the governmental grant to workers of the right to organize and the right to have organizations recognized by employers. Governmental non-interference was demanded. A number of labor leaders also opposed strong action by the government because they, too, wanted a free hand. They did not want the government to be the final arbiter in case of labor disputes. While these selfish interests were demanding the right to resort to force in labor controversies, ignoring the interests of the general public, the public itself was lethargic and inactive. The plain people, who now put up such a show of injured innocence, were heedless of their interests when the congressional legislation was pending. They did not bestir themselves into civic activity during the period of decision. Now the threatened labor battles are coming and we are unprepared. Now the people are being hurt and they howl in anger.

(Concluded on page 4)

## Board to Supervise All Communications

**Government Centers Control of Telegraph, Telephone, Cable and Radio in One Agency**

### DRAMATIC PROBLEMS INVOLVED

**Nation's Wire and Wireless Facilities Stretch to the Far Corners of the Earth**

A vast network of communication facilities—telegraph, telephone, cable and radio—is embraced in the system which has been placed under control of the newly created Federal Communications Commission. Although the seven members of the commission, which, incidentally, owes its existence to a hasty decision made by Congress in its closing hours, were not appointed by President Roosevelt until a few weeks ago, they are already working with great energy and zeal. Their offices in the spacious new Post Office Department Building in Washington are bustling with activity. Judge Eugene Sykes, chairman of the now defunct Radio Commission, has been chosen to head the commission. His appointment is generally regarded as a good one. He possesses a judicial mind, knows the problems confronting him, and has the ability to bring about compromises among conflicting interests.

#### Network of Communications

While the duties and responsibilities of the new commission will be complex and beset with thorny issues, the problems and interests involved are dramatic. This is because the ever-growing importance of communications in our national life is stirring in itself. The nation's wire and wireless companies have their branches in every city, town and hamlet. They speed words, or the human voice, in language, or in code, through the air, on wires, under seas. They employ tens of thousands of people—plugging switchboards, climbing poles and performing many other duties. This gigantic maze of communications sprawls over every nook of the land and it links this country with all parts of the civilized world. It is like a mighty octopus stretching its myriad tentacles to the far corners of the earth.

The modern business community has become helplessly dependent upon being able to communicate almost instantaneously with other cities, states and countries. The rapidly changing prices of stocks and bonds are transmitted to all sections of the country within the range of minutes. Tremendously important government and business decisions are expedited by telephone, telegraph, radio and cable.

There are four companies which have a predominant position in serving our wire and wireless needs, namely, The American Telephone and Telegraph Company, Western Union, Postal Telegraph-Cable Company, and Radio Corporation of America.

The American Telephone and Telegraph Company and its associated companies handle over 75 per cent of the telephone business of the nation, and 41 per cent of the world total. In addition they have entered the field of wireless with the radiotelephone. They maintain four direct circuits to London, three to South America,

(Continued on page 7)



# Notes From the News

**Camps for Jobless Women; Tammany Elects President; Industrial Disputes; Moffett Appointed Housing Chief; Citizens Councils Spreading; Flight to Alaska**

FOR over a year, the CCC has given employment to jobless youths throughout the country. Until recently, however, the federal government has done little for unemployed young women. This unfair discrimination is to be remedied.

Under the direction of Miss Hilda Smith of the Federal Emergency Relief Administration, thirty-one camps for jobless women are to be established in different parts of the country. The purpose of these camps, according to Miss Smith, is "to help



HILDA SMITH © Bachrach

the women gathered in these schools and camps to a clearer understanding of the history and present status of industrial development and to encourage them to take an intelligent part in workers' activities."

Different subjects will be stressed in the various schools. At Camp Arcola, near Philadelphia, for example, the girls will study nutrition, home care, recreation, health education and vocational counseling, while at Berkeley, California, thirty young women will study household management.

The buildings in which these schools are to be housed will be furnished by the states, while the federal government will provide the necessary financial support—about \$5,000 for each camp.

Miss Smith, who is to supervise the work done at all the camps, has long been interested in working girls and their problems. Since 1921, she has been director of the Bryn Mawr Summer School for Women Workers in Industry, and more recently was appointed chairman of the Affiliated Schools for Workers.

## New Tammany Chief

Postmaster General James A. Farley won a major battle on the political front July 16 when James J. Dooling was elected to the presidency of Tammany Hall, Democratic organization of New York City. Dooling was Farley's man, and, although he was elected to the post with little opposition, there was an undercurrent of bitterness among certain Tammany members who hold Farley in none too great esteem. But there was little they could do about it, for the postmaster general holds the one weapon which always brings results in the political game—jobs for hungry politicians.

It has been known for some time that Farley was seeking his revenge upon Tammany for the unpleasant way its delegation to the Democratic National Convention acted. Tammany stood out against Franklin D. Roosevelt to the very end, and since that time Farley has done his utmost to oust those who were responsible for this infidelity to his candidate. In April, he won an important

victory when he forced Tammany to oust John F. Curry as leader. That victory has now been reinforced by the lifting of Dooling to the place of high command.

## Coast Strike

The longshoremen's strike in San Francisco, which began more than two months ago as a fairly mild affair, has developed into one of the fiercest industrial disputes in American history, certainly the most important in the last dozen years. From its original field, confined largely to one industry, the strike has spread like wildfire until it became a general strike on the morning of July 16, with the business life of the city literally paralyzed. The workers in industry after industry voted to walk out on their employers, as the longshoremen had done two months earlier. Only a few restaurants were allowed to remain open, and even the street cars stopped running during part of the day. The strike committee, however, agreed to permit the entry of food into the city and authorized the operation of the city street cars.

It is impossible at this writing to predict the outcome of the general strike in San Francisco. Capital and labor both seem determined to fight to the bitter end in order to win the struggle. Efforts of the federal government to effect a settlement have thus far been unsuccessful, although high officials have gone by air to the scene of battle to attempt reconciliation between the opposing camps. Those in charge of the strike appear anxious to prevent any action which might turn public opinion against them. For that reason, they have been extremely cautious to prevent bloodshed, actual suffering from hunger, and other calamities. They feel that public sympathy must be on their side if they are to win.

The general strike naturally involves issues broader and more vital in industrial relations than those of the original walk-out. By going as far as it has, labor wants to insure itself a stronger position in relation to capital. It wants to guarantee unto itself the right of collective bargaining and union recognition. Some observers have interpreted this as indicating that labor wants to make the San Francisco region a "closed shop" area in which non-union labor will be excluded. If such is their objective, the stakes are high and both sides may be expected to hold out for a showdown.

## Other Industrial Disputes

As San Francisco awaited the outcome of the general strike deadlock, industrial strife threatened last week in other parts of the country. At Portland a general strike similar to that in California was expected hourly, also as an outgrowth of the longshoremen's walkout. In Minneapolis officials met in a desperate effort to halt another truck drivers' strike, accompanied by the same tactics employed by union labor in the Far West. More than 8,000

pecan shellers in and around San Antonio, most of them women, struck for higher wages. They claimed they had been working fourteen to eighteen hours a day for an average daily wage of twenty cents. At

Kohler, Wisconsin, which has been cited as a model industrial village, several hundred employees of the plumbing factory owned by former governor Walter J. Kohler demanded shorter hours and a higher minimum wage. Pickets fought with deputies amid tear gas fumes.

At Birmingham, Alabama, nearly 22,000 textile workers planned to walk out. (See the editorial on page one.)

## Women Act

Meeting in annual conclave at Colorado Springs last week, the board of directors of the National Federation of Business and Professional Women decided to wage a nation-wide campaign for the economic security of women workers. There has been a marked tendency during recent years, it was emphasized at the conference, for employers to discriminate against female workers in matters of employment, promotion, and wages. It was indicated that the movement to oust married women from jobs is spreading to the point of questioning any woman's right to work.

## Home Building Leader

President Roosevelt surprised official Washington when he chose James A. Moffett to administer the new housing act passed just before Congress adjourned. Many predictions had been made about this appointment, and the man most frequently mentioned in the advance gossip was Harry Hopkins, the capable relief administrator. The president, however, evidently decided Hopkins was most valuable in his present work. And he seems to have selected a very able man for the new job.

Mr. Moffett is an experienced executive, accustomed to the practical workings of industrial machinery. His father was one of John D. Rockefeller's partners in Standard Oil, and the son followed in his father's footsteps. For twenty-eight years he has been connected with various units of the Rockefeller oil enterprise. When the new administration came into power, Moffett was an executive of the Standard Oil Company of New Jersey. He disagreed with Walter Teagle, chairman of that organization, on the governmental oil control policy. Moffett supported the administration viewpoint. When he resigned from his high-salaried position, he became a member of the administrative committee

for the oil code. After serving six months, he accepted a position with the Standard Oil Company of California, only to be recalled to government service. As the new leader in charge of the campaign to re-



JAMES A. MOFFETT  
Federal Housing Administrator

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build America's homes, Moffett will face a huge problem, but that is what he likes. He is highly optimistic about the renovating program, and has set to work with confidence and vigor.

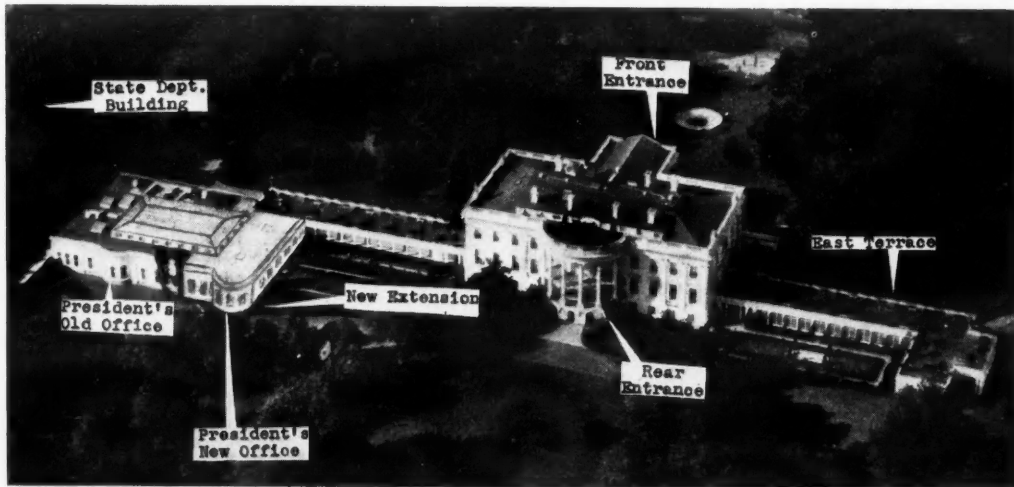
## Citizens in Action

That people over the country are taking more of a direct interest in their community affairs is brought out by the fact that the movement to form citizens' councils is making rapid headway. These councils, which furnish citizens an opportunity to organize in order that they may have greater influence in dealing with civic problems, have been formed in cities in thirty-three states. The National Municipal League—309 East 34th Street, New York City—is sponsoring the movement. Upon request, the League will furnish concrete information about projects being carried out by councils which are already at work. It will also give advice to individuals and groups desiring to organize councils in their cities.

Little Rock, Arkansas, provides a good illustration of the extent to which citizens' councils are participating in community activities. Seventeen projects have been voted upon by the clubs represented in the council in that city. The more important of those to be sponsored are a sanitary sewage system for Greater Little Rock; development of a municipal airport; consolidation of city and county hospitals under a non-partisan hospital commission; improvement of the fire department in order to lower insurance rates in the city; organization of a safety council to initiate a safety program; expansion of the Little Rock Junior College into a four-year university; and erection of a community auditorium.

## Flight to Alaska

Two great mass flights to Alaska got under way late last week, as eleven giant navy patrol planes left San Diego, California, and ten army bombing planes took off from Bolling Field at Washington. Elaborate plans preceded the flights, as both the army and navy are anxious to make an effective showing with their new flying equipment. While in the announcements regarding this aviation venture nothing to that effect was said, the real purpose of the journey to our northern possession is to chart the territory of the north Pacific, especially the Aleutian Islands. The trained pilots and observers of the two branches of military service will obtain complete information upon which to base future plans for the defense of Alaska. The official explanation was that "we want our men to become familiar with flying conditions in all climates and under any circumstances; it is a routine matter." Routine or not, the pilots chosen are happy about the flight.



THE WHITE HOUSE EXPANDS WITH THE NEW DEAL

President Roosevelt's executive business has grown so much that an addition is being made to the White House offices. The drawing superimposed upon the picture above shows how the west wing is to be enlarged during the president's absence this summer.

© Horydczak



# AROUND THE WORLD

**Germany:** If, in calling the Reichstag together July 13, it was Adolf Hitler's purpose to strengthen his emotional hold upon the German people, he was remarkably successful. He could not have hoped for better results. From the time he entered the Kroll Opera House, where the session was held, until the Reichstag meeting was adjourned, his presence and personality dominated the atmosphere. And if any German outside the hall failed to hear the hour and a half discourse of the Führer, it was not the fault of the government, for every possible step had been taken to insure a nation-wide radio reception.

Seldom, if ever, has Hitler risen to such heights of oratorical and emotional power. Time and again, his entire body shook under the strain, and when he had finished his oration, the chancellor fell back in his seat, apparently overcome with emotion. From all outward appearances, he had convinced his audience that he had saved the Fatherland from the perfidy of traitors. He explained that the Reich was menaced from several quarters, the principal conspirators being Roehm and von Schleicher. In justification of the swift executions of the alleged guilty, Hitler declared: "I feel sorry for the wives and children of those who were shot, but I believe that the misfortune that came to them was only a small fraction of the misfortune that might have descended upon tens of thousands of German men and women."

Hitler's address has proved far less convincing to the outside world than to the German people. Editorial comment has been generally critical, claiming that the chancellor failed to give the proof of guilt which should have been necessary in view of the drastic steps taken.

While Hitler has apparently succeeded in mending his political fences at home, he has by no means been able to cope with the economic dilemma confronting Germany. The government has recently taken steps to punish those guilty of raising prices beyond a fixed maximum. In view of the food shortage threatening the country, it is difficult to hold prices in check, and there is danger of growing restiveness among the farmers. The cost of living in Germany is already higher than in other industrial countries, and the population is called upon to shoulder an unusually heavy tax burden. The prospects of improving the situation by means of foreign trade are scant indeed, with boycotts of German goods in various countries becoming ever more effective. All in all, the economic picture is not bright and may decide the fate of Hitler and his government.

**U.S.S.R.:** Soviet-American trade, far from increasing since American recognition of the Moscow government last year, has declined considerably during recent months. The Russians are today buying less machinery and other goods from this country than they bought before recognition. The decline is attributed to political difficulties which, up to the present, have prevented a settlement of the debt question, left for future negotiation at the time of recognition.

**Great Britain** The preliminary naval discussions have completely broken down in London, and Norman H. Davis and other American diplomats have sailed for

home. The chief reason for the breakdown was Japan's unwillingness to participate in the conversations in an interested manner. Discussions between the United States and Great Britain had proceeded as far as they could without further clarification of the Japanese position. It is expected that the whole subject of naval limitation will be dropped until October, when efforts will be made to reopen the preliminary conversations.

**Spain:** The Cortes, or parliament, in session since last December, adjourned early this month until the first of October. This particular session was dominated by the Right, or conservative, parties which made substantial gains at the last general elections. On the day of adjournment, the Cortes chamber became the scene of fist fights and other disturbances between members of the Left and Right. The Left groups, such as the Socialists, are doing everything they can to convince Spanish workers that their interests will be better protected by the Left parties, and that

ranks, for the men realize that Roehm's death removed the person most enthusiastic about the spread of Naziism into Austria. Meanwhile the usual answer has been given to Dollfuss' repeated threats of the death penalty for terrorists of the opposition parties. The day after he had given such opponents five days to turn in all bombs and ammunition, a bomb was set off, presumably by Nazis, at Salzburg, wounding four tourists who were visiting the Salzburg festival. Other bombings occurred in various parts of the nation the same day, resulting in minor damage.

**Guatemala** This little Central American republic has offered a refuge for German Jews who have left their home country. According to a plan approved by General Jorge Ubico, president of Guatemala, the government will grant full citizenship to such refugees immediately upon their entrance. Also free land or land at nominal prices will be provided for families that will take up farming, though each family must possess a capital amounting

four years. Another departure from tradition requires that one-fifth of the members of the Chamber of Deputies shall be elected by professional and trade associations. As part of Brazil's "New Deal," each cabinet minister is assigned a "brain truster." That is, a technical expert is to assist each cabinet officer, and in some cases several men will constitute a department's brain trust.

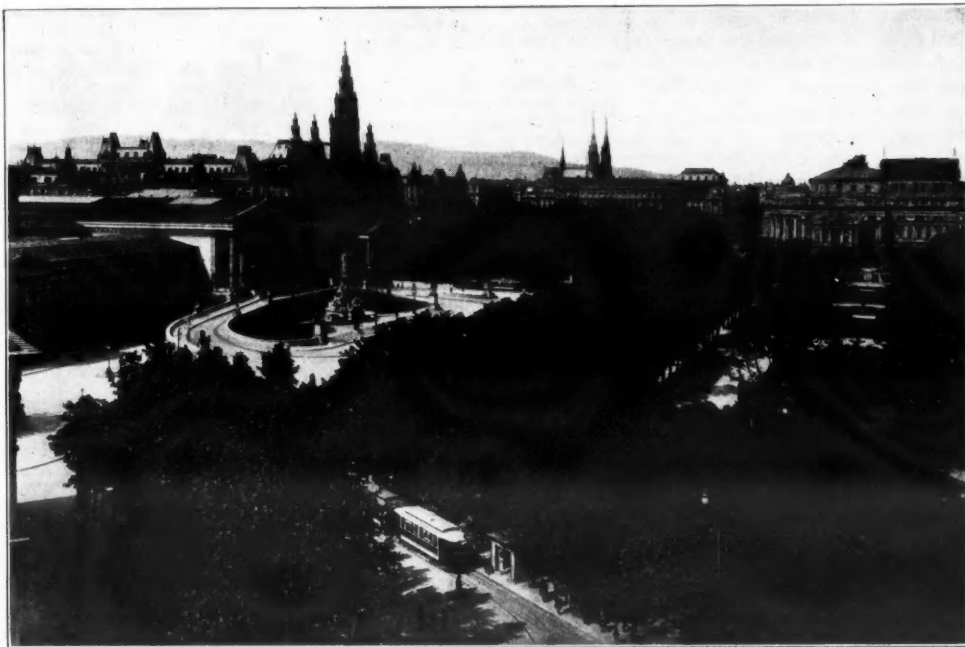
**France:** French diplomacy has risen to new heights during the last month or so. Now that Louis Barthou's visit to many of the European capitals has ended, it is possible to appraise some of the results of his tour. In the first place, his trip to the capitals of the Little Entente countries reassured France of the continued support of those nations in future European affairs. The most substantial gain of the whole tour, however, was made at London, where he may be said to have achieved much more than he hoped for, even in his most optimistic moments. The British government has thrown its weight behind the French move for a group of regional pacts designed to promote the peace of Europe.

Following the outline of his plan for an Eastern Locarno—a series of mutual assistance treaties among France, Soviet Russia, Germany, the Baltic states, Czechoslovakia and Poland—the British government instructed its ambassadors in Berlin, Warsaw and Rome to urge the conclusion of such agreements. Thus, Great Britain has directed the power of her diplomacy toward the side of the French in their program of security for Europe. Italy has informed Britain that she, too, favors the conclusion of such pacts to guarantee peace, and has urged the Reich government to accept the Barthou plan.

The proposed pacts of mutual assistance, while rather elaborate in their details, would, it is understood, follow closely the lines of the original Locarno agreements by the terms of which the Franco-German frontier was guaranteed by Great Britain, Belgium and Italy. The signatories would agree to lend their assistance to whatever country might be attacked. Since France and Soviet Russia are the strongest nations of the group, they would naturally undertake to guarantee the present territorial arrangement in eastern Europe. Efforts are also being made to bring Soviet Russia into the original Locarno pacts, thus reinforcing the security machinery in western Europe.

The success or failure of the Eastern Locarno program will depend largely upon the attitude of Germany. Officially, there is no indication of what that attitude will be. There is every reason to believe, however, that the Nazi régime will oppose the program, for it will stand in the way of expansion to the east. Germany has never accepted the territorial arrangement made at Versailles as permanent, and is determined to alter that set-up as soon as possible.

An internal political development which may have far-reaching consequences for the future of France is the recent decision of the French Socialists and Communists to act unitedly "in the struggle against fascism and in defense of laboring and democratic liberties." The two political groups are considering the staging of a joint demonstration on the twentieth anniversary of the outbreak of the World War.



VIENNA—WHERE DOLLFUSS RULES  
The parliament building and its spacious plaza remain as beautiful as ever, but parliamentary government in Austria has lost its significance.

the conservative parties are seeking to destroy the gains they made through the revolution of 1931, when Alfonso was de-throned.

**Austria:** Chancellor Dollfuss has reorganized his cabinet in a move which is construed as another blow at the Nazi party in Austria and Germany. The little chancellor has assumed, à la Mussolini, the ministries of foreign affairs, national defense and agriculture. This concentrates in his hands and those of Major Emil Fey, Austria's strong-arm expert, all the military and police powers of the country. Fey has received a roving commission to take emergency measures against "enemies of the state." And if Fey's past reputation means anything, the Austrian Nazis and the already decimated Socialist party will be the objects of his attention. Reports from Vienna indicate that the German "purge" of June 30, especially the execution of Ernst Roehm, has weakened the strength and enthusiasm of Austrian Nazis. The so-called Austrian Legion, composed of 8,000 storm troopers who crossed the border to be trained in Germany and held in readiness for Nazi activity in their own country, has been withdrawn from its border stations. There is unrest in the

to at least \$1,000. For some individuals, opportunities in industry are open. Altogether Guatemala expects to enroll several thousand German Jewish immigrants as citizens.

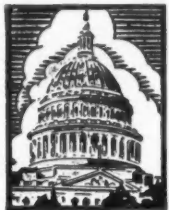
**British Columbia:** At least one Canadian province is resorting to agricultural measures quite similar to those employed by the Roosevelt administration. Under a new federal marketing act, which can be applied throughout Canada, British Columbia will be the first province to adopt price-fixing and stabilization operations. A board will be appointed to fix dairy prices, to collect all returns from the sale of milk products and distribute them among producers according to the amount of their production. Similar steps are being initiated in other divisions of marketing.

**Brazil:** A new constitution for Brazil has been written by a special assembly elected for the purpose. A number of changes from the traditional Brazilian government have been incorporated in this interesting document. The power of the president is limited by the creation of a Senate in addition to the Chamber of Deputies; the chief executive will be elected by direct suffrage for a term of



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## THE PRICE OF INACTION

(Concluded from page 1)

But it will take more than angry howls to establish order and security in industry. It will take thought and planning. The rights of labor and of capital will have to be more clearly defined than they now are. Labor codes will have to be written into the law of the land. Labor must, for example, be given a right to organize freely. The government must be given the power to enforce this right. It must have the power to supervise elections in industrial plants, to see that the workmen have a free choice in deciding upon the form of organization they shall adopt. It must prevent intimidation by employers. It must see to it that machinery is adopted in each industry by which untrammelled workmen may negotiate with employers concerning the conditions affecting their employment.

In case there are disputes which cannot be settled by free and unhindered negotiation, public authority should have the power to arbitrate and make final decisions. Then the government should enforce these decisions. If the workers refuse to abide by a decision, the government should defend the substitutes recruited to take their places. If the employers refuse to abide by a decision, receivers should be appointed to take over the properties and operate them. The public interest is superior to that of either workers or employers, but the public interest cannot be asserted until machinery is devised for its definition and enforcement.

There is chaos in industry today because there is no legal provision for the enthronement of justice. If workers think they have a grievance, they may ask the employers for better terms. If the employers refuse, the laborers have no recourse except to strike and to hurt business so badly that the employers surrender. Employers strike back at labor with black lists and boycotts and dismissals. The public pays the bill, and it will continue to pay until it becomes sufficiently aroused to clarify the ambiguous labor provisions of the NRA and to make provision for the declaration and enforcement of justice among employers and employed.

## Campaign Shibboleths

The *Christian Science Monitor* surveys the current campaign shibboleths with an inquiring eye. Should campaign speeches be limited to collections of petty political differences based on their emotional appeal, or should they



HIS SUMMER CHORES  
—Brown in N. Y. HERALD-TRIBUNE

recognize the fact that men may differ honestly and intelligently in working out the solution of important governmental problems?

Two years hence, at this time, a presidential campaign will be in full swing in the United States. But even now this autumn's congressional campaigns are getting under way. These testing times are bringing a crystallization of objections to the present administration's policies and accomplishments.

The attacks upon the administration include charges of "regimentation," "bureaucracy" and "monopoly," among others. Normal competition and initiative have been stifled, it is said, and the trend toward "national planning" carries a threat of Fascism, Socialism, or Communism—any one of which would be contrary to the "American tradition."

There can be no doubt that numerous objections to the New Deal are well founded. There are promises the administration has not kept. Not a few of the ambitious plans have failed to bring results that the American people were led to expect. Understandable dissatisfaction has followed.

Senator Borah, maintaining his reputation as a free-lance critic lately said that the real issue before the country is *monopoly*. That is, are we to return to unrestricted competition with private monopoly of goods and services, or are we to go forward to a regulation of competition so strict as to represent a publicly fostered monopoly? The critics of the New Deal contend that the latter would be contrary to national traditions of initiative and independence. Unfortunately—while they make it clear that they do not like the New Deal—critics are unable to suggest any alternative except a return to what they call "individual initiative." Lest this be interpreted as meaning the indorsement of a return to practically unbridled exploitation of the "little man," as "practiced" prior to 1930, the critics invariably hasten to qualify their remarks by advocating in the future a "proper regulation" of business. What constitutes a "proper regulation," and how it differs from the restrictions of "national planning," which they assail, is not made clear.

An element of humor is not lacking in the discovery that the very trends which the critics of the New Deal view with so much apparent alarm seem to be considered equally reprehensible by spokesmen of that very New Deal. So Donald R. Richberg, chairman of the new Industrial Emergency Council, only Thursday in an address worthy of any Republican Fourth of July celebration, extolled the "good old American way" of achieving security and freedom, and bade the forces of Fascism and Communism pass by.

In fact, it appears that advocates of the New Deal and critics of the New Deal are not so fundamentally at odds as one might suspect to hear them orate. Both wish to bring about a large measure of recovery in the United States. Both seem to agree that "American methods" are preferable. They are not so unanimous in their conception of what such methods may be. Nevertheless, both groups recognize that they cannot solve 1934 problems by using 1834 methods; they know that some progress has been made in giving greater security to the so-called "forgotten man"; they know that no retreat is possible or desirable from such standards.

## Protecting the Home

One of the most encouraging signs of the times is the increasing interest in social problems and their solutions. This tendency is well illustrated by the following editorial clipped from the *Little Rock Arkansas Democrat*:

When President Roosevelt spoke recently of "the insecurity of the individual and the family which has become so characteristic of modern industrial and agricultural life and which threatens to become steadily more serious," he stated the gravest problem the nation faces.

The uncertainty of employment, the hardship and humiliation inflicted by loss of earning, are perils that shadow millions of homes, and in so doing they weaken the foundation of the country's strength. A large number of our people, however thrifty they may be, find it impossible enough to provide for old age. Worrying through their earning years, never knowing when an economic upheaval will throw them into the breadlines, this large class can only look forward with unhappy forebodings to their declining years.

Unemployment insurance and old age pensions are the only way to solve the urgent human problem thus presented. It is a problem beyond the powers of a great many people to work out for themselves. Due to the changes in our economic system, jobs and earnings may now vanish for the thriftiest people over night, and from no fault of their own.

Years ago, when most of our people lived on farms in a simple and self-sufficing way, the industrious usually could take care of themselves and provide for their old age. Now the majority of our people depend on an industrial system which doesn't provide steady work and which drives the workers at a speed that only youth can hold. Men and women of 40 or 45 are thrown aside for younger hands.

The average worker begins earning at 18. He has 27 years before he reaches 45 from which must be subtracted at least seven years for the involuntary idleness of depressions and sickness. That leaves 20 years of wages to pay for raising a family, acquiring a home, and saving for old age. It is not enough.

The breadline and the poor house are brutal methods of providing for this situation. It calls for constructive attention of the kind which President Roosevelt seems to have in mind: unemployment insurance and old age pensions, wisely administered so as not to encourage the improvident.

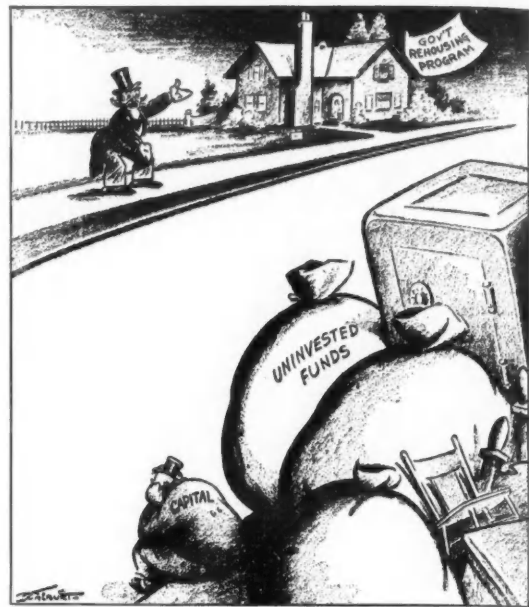
Some of the Washington observers believe the railroad pension bill which President Roosevelt signed is the beginning of a national movement toward broader measures of the kind. If so, it is an effort in which the great majority of citizens will earnestly wish him success.

## Farleyism

Last week the *OBSERVER* pointed out the grave danger that is threatening the efficiency of our public service through the increasing use of patronage and the decrease in the Civil Service lists. The *San Diego Union*, a Republican paper which has hitherto loyally supported the administration, strikes out boldly at what it considers to be the root of the evil—Farleyism:

Last August National Chairman Farley tucked Committee-man Abbott away into a comfortable berth of an Internal Revenue Collectorship.

Last May the *Detroit Free Press* charged that Collector Ab-



MOVING DAY

—Talbot in N. Y. WORLD-TELEGRAM

bott had solicited \$50,000 from the treasurer of an automobile company, \$20,000 for his party's campaign deficit and \$20,000 to lobby for PWA funds.

Last month agents of the treasury department investigated the collector's office records. Result: A brief statement from Collector Abbott. "I hereby resign effective this day my office as Collector of Internal Revenue, District of Michigan."

These events repeated in a story published by *Time* one month ago define Farleyism more completely than any amount of exposition.

The Postmaster General, in conformity with the fixed tradition common to both political parties, is the political generalissimo of the administration. He has organized patronage under the New Deal upon a grand scale. He has pleaded and traded and fought with dozens of senators, bureau executives, and federal commissioners. He has planted his appointees in practically every department of the administration. And now, with millions passing through the hands of federal officers, the effect of this begins to appear.

Mr. Farley may or may not be stepping exactly in the footsteps of his predecessors, Brown, and New, and Work, and Hays. Probably he is. But those other patronage systems were only mildly scandalous. Farleyism in the midst of a crisis in the nation's history is a real menace.

## Taskmaster Ickes

The recent attempt of the indefatigable Secretary of the Interior to stir his corps of assistants to greater activity aroused favorable comment throughout the entire nation. The consensus of public opinion is well represented by the following editorial taken from the *New Orleans Times Picayune*:

Secretary Ickes has set himself a monumental and courageous job in his effort to make all the employees of the interior department and PWA justify the receipt of government pay. There are always complaints, frequently deserved, that public employees fall far below the efficiency standard of the average corporation or private office and the interior department and public works administration recently have drawn several shafts from political gossip writers who seem to have laid special emphasis upon the activity or lack of activity of the AAA and the federal forces under Mr. Ickes.

About the tactfulness of the secretary's methods there may be some difference of opinion just as there are often two schools of thought regarding the way of an army sergeant with a recruit. But the good seems likely to outweigh the evil. The huge expansion of government activities has given employment to thousands of earnest and capable men but also it has enrolled a contingent of drones, hangers on of politicians, men never quite qualified to earn a living on their own merits and never desirous of doing so if they could. The system runs through national, state, and local governments and has been the despair of every honest administration and the prop of every corrupt machine.

A single swallow of Mr. Ickes' exhortation will not make a summer of one hundred per cent efficient workers, but it should serve to throw a valuable scare into the loafers of his official household and the rest of Washington.

## From Indoors to Outdoors

The depression has brought real hardship and suffering to untold thousands. At the same time it has taught many other thousands to turn from expensive indoor pastimes to the great outdoors for recreation. This fact is supported by data taken from the yearbook of the National Recreation Association for 1933 and quoted in the *Superior (Wis.) Evening Telegram*:

It is slow but it is inevitable. The forces moving toward securing more of the good things of life for the common man are making progress even while we look aghast at temporary setbacks.

The most recent evidence of the tendency is the new yearbook of the National Recreation Association showing a large increase in public recreational facilities during 1933.

At the end of that year there were 7,434 outdoor playgrounds, an increase of 444. Nearly 800 new baseball diamonds were built during the year and 58 new bathing beaches.

More than 500 new recreation areas and centers were opened; in fact almost all sports facilities were greatly enlarged except municipal golf courses and swimming pools which showed a slight decline.

Federal aid made these expansions possible as most counties cut down their recreation budgets.

More leisure, more sunshine, recreation, and fun in the life of the average fellow. It's coming slowly but surely.



## WITH AUTHORS AND EDITORS

We read old books for their excellence, but new ones to share in the mental life of our time.—SATURDAY REVIEW OF LITERATURE.

### America and the World

"Introduction to World Economics," by Kemper Simpson. New York: Harpers. \$3.50.

KEMPER SIMPSON belongs to that school of economists which believes that prosperity can be attained only by means of an attack along the international front. Not that he is not fully aware of certain maladjustments in the domestic economy which must be rectified, but even with these a full measure of recovery can be made possible only by removing the barriers to foreign trade. This is the central theme of his book, which he develops with conviction and lucidity.

This volume gives a detailed description of the economic set-up of the United States, Great Britain, France and Germany. Mr. Simpson then undertakes to explain the interplay of forces among the four countries—the interrelation of price levels, cost levels, trade and capital movements, and the effects of trade barriers. He builds up a damning case against the traditional tariff argument as applied both to industry and to agriculture.

It is true that Mr. Simpson's book is not remarkable for its new approach to international economics. Most of the arguments advanced in these pages have been stated and restated by economists for years. But the times call for an emphatic clarification of the issue, for it is highly possible that the decisions made in this country in the near future will have a tremendous bearing upon the future course of world history. That our economic machinery should constantly be directed to greater, rather than less, production is a fact which Mr. Simpson bears constantly in mind. While it is true that this volume is by no means a complete discussion of the problem, and certain of its conclusions may be open to question, we believe nevertheless that its central thesis should be impartially examined by those who would understand present-day economic problems.

### Europe in 1934

"Europe Between War?" by Hamilton Fish Armstrong. New York: The Macmillan Company. \$1.25.

MR. ARMSTRONG'S book has a misleading title, to say the least. The reader does not know, after reading these 108 pages just where the brilliant editor of *Foreign Affairs* stands on the question he raises. Of course, one knows that Mr. Armstrong is fully alive to the dangers in the present political situation on the European continent, but he is left in a haze as to what the outcome will be; whether it

will eventually lead to war or how, when and why the conflict will arrive.

But if one wants to sit down and, in a couple of hours, get an accurate and clear picture of the present state of political affairs in Europe, one will find it in this valuable book. Having just returned from Europe, where he conferred with statesmen, great and small, the author knows the field well. His analysis of the diplomatic struggle for control of central Europe by Germany, Italy and France is clear and to the point. His discussion of the internal situation in France and Germany is ample and critical.

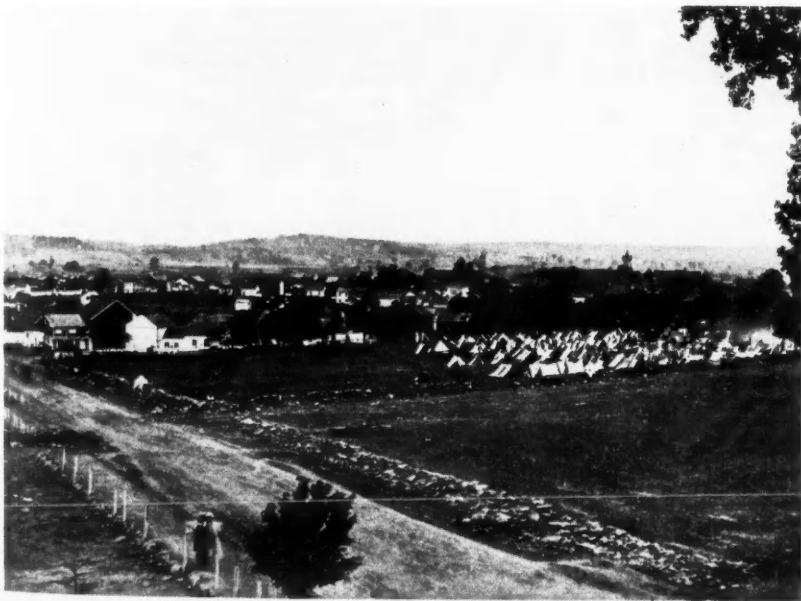
Particular emphasis is placed upon the role which Austria has played and is bound to play in European developments. Mr. Armstrong believes that Austria is the key to the entire situation. If that country joins hands with Germany, Hungary will almost certainly follow suit, and the result will be a general European war because of the opposition of France and the other *status quo* powers. True, the picture painted by Mr. Armstrong may change overnight—has, in fact, already changed as a result of developments in Germany—but, as an analysis of the Europe of early June, 1934, this book offers a valuable and reliable appraisal.

### The Air Mail

"The Economics of Air Mail Transportation," by Paul T. David. Washington: The Brookings Institution. \$2.

LENGTHY investigation and research have gone into the writing of this book. The author began his study of the United States air mail problem while a student at Brown University and finished it on a research fellowship at the Brookings Institution. It was completed and in galley form at the time of the air mail scandal, but was revised in order to bring the subject up to date.

Dr. David has made a valuable contribution to an understanding of one of the important contemporary American problems. He traces the development of the air mail service from its beginning on September 24, 1911, through the period of government operation from 1921 to 1927, and that of private operation which ended with the cancellation of contracts by Franklin D. Roosevelt. Mr. David then analyzes the economics of the service, treating in detail the question of the deficit and its justification. He concludes his study with recommendations for an emergency and a permanent program of air mail service.



AFTER THE BATTLE

A photograph of Gettysburg taken from Cemetery Ridge in July, 1863, shortly after the most famous engagement of the war between the states. (An illustration from "The American Procession," published by Harper's.)

### For Origin Seekers

"Famous First Facts," by Joseph Nathan Kane. New York: H. W. Wilson. \$3.75.

THE first high school was opened in May, 1820, in Boston, Massachusetts, and was known as the English Classical School which name was changed in 1824 to the English High School. Admittance was open to boys at least twelve years of age who were required to be 'well acquainted with reading, writing, English grammar in all its branches, and arithmetic, as far as simple proportions.'"

This is a typical quotation from Mr. Kane's book. The volume is actually a record of first happenings, discoveries and inventions in the United States. As it is encyclopedic in form, one naturally would not desire to read it straight through as he would a novel. But we highly recommend this book, with its 565 pages of time-saving information, for school libraries.

### Battle Scene

"Long Remember," by MacKinlay Kantor. New York: Coward-McCann. \$2.50.

THE world will little note, nor long remember, what we say here, but it can never forget what they did here." It was because this sentence from the Gettysburg address has not been borne out by fact that MacKinlay Kantor chose the battle of Gettysburg as the scene of this stirring novel. As he says in his foreword, "Seventy years later, one realizes that Lincoln's speech represents the only common and popular knowledge of Lincoln, Gettysburg, or the war between the states."

Because Mr. Kantor wanted to recreate in fiction the battle which turned the tide of the war, he had to build a plausible story which would allow some individual to experience the entire conflict that raged around the peaceful little Pennsylvania town. For this purpose he selected a main character who did not participate in the struggle as a soldier, but rather as a spectator. Dan Bale was a pacifist and a resident of Gettysburg. Shortly before the invasion of the Confederate forces he returned home from the West to bury his father.

This circumstance made him the ideal "reporter" for Mr. Kantor's conception of the battle. Dan was in the midst of the action from start to finish. And it is a remarkable job the writer has done with these war scenes. It is all believable and intensely exciting, and no wonder. Kantor read every available source book about the battle, about the town of Gettysburg, about the war as a whole, in order to make every part of his picture authentic.

But even aside from its main objective—recreating an epic moment in American history—the novel possesses its validity as a story. Dan Bale is more than a stuffed puppet going through his paces at the writer's whim. He is a character worthy of remembrance, and there are others like him in the book. Kantor has written a novel much finer than anyone would have suspected he could write, after his three mediocre previous efforts. The battle of Gettysburg has inspired many men, and MacKinlay Kantor may now be counted high on the list.

### Mystery Story

"The Divorce Court Murder," by Milton Propper. New York: Harpers. \$2.

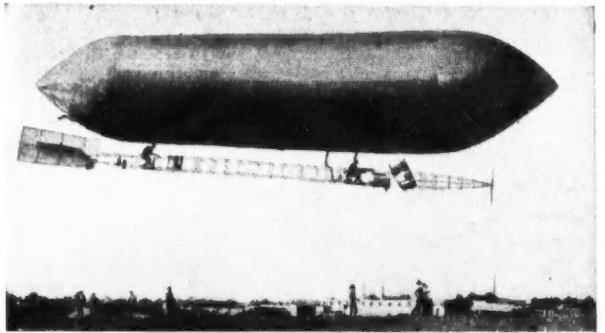
SIX people are gathered in the law office of Dawson, MacQuire and Locke, all participants in the divorce case of Rowland vs. Rowland. The atmosphere is tense, as a new witness has been called to present sensational evidence. As one of the lawyers enters the next room to fetch the witness, Mrs. Barbara Keith, he finds that she is dead, chloroformed as she sat there in her swivel chair.

Such is the setting of this mystery story. Its development and solution hold the attention of the reader to the very end. Those who enjoy mystery fiction will like Mr. Propper's latest. It is an excellent antidote for excessive boredom, the effects of hot weather, and an overdose of books on economics.

### Childhood in England

"First Childhood," by Lord Berners. New York: Farrar and Rinehart. \$2.50.

THIS is the autobiography of the childhood of an English lord. It is the story of a little boy whose parents wanted him to ride to hounds and play cricket when he longed to be reading, playing on his cottage piano or hunting birds' nests. "First Childhood" is not the usual autobiography. It



THE U. S. GOVERNMENT'S FIRST AIRSHIP (From "Famous First Facts")

is not so much a series of incidents as a collection of pictures, pictures of scenes, relatives, friends, and enemies—drawn just as the author remembers them. Sometimes the memories are pleasant. Sometimes they are most unpleasant. But always they are recalled with a vividness and a sense of humor that make it difficult to lay the book down after once picking it up.

Lord Berners, according to the English *Who's Who*, has been an honorary attaché in the British diplomatic service. He has also composed a number of musical works, including an opera. It is safe to guess, however, that in the future he will be better known as the author of a delightful, irresistible collection of childhood memoirs.

### OUR COMMUNICATIONS PROBLEM

(Concluded from page 7)

however, there has been a growing sentiment among congressmen for a unified system, at least of the telegraph, radio and cable facilities. Most of those favoring such a plan, though, would insist upon strict government regulation in order that the anticipated benefits of unification would be passed on to the public in the form of lower rates. A small group of congressmen would even go so far as to support government ownership and operation of communication facilities on the ground that they are indispensable to public welfare and hence a public utility. The issue of private versus public ownership of public utilities promises to become more controversial in the next few years.

There seems to be greater reason for strict government control, or possible ownership, of radio facilities than of other forms of communication. It is generally agreed that radio is a natural monopoly because transmitters of wireless must use a common medium, the air, through which the number of channels are limited.

These are some of the broader problems pertaining to wire and wireless communications and public policy. Most observers predict that the people, through their government, will continue to demand adequate supervision over telegraph, radio, cable and telephone facilities, but that government ownership is not likely, at least in the near future. The possibilities of a unified system under government regulation seems more probable, though by no means inevitable. The report to be made by the Federal Communications Commission to the next session of Congress will be of marked interest. The commission, after a thorough study of the problems and interests involved, is expected to recommend further legislation.



# The Little Entente and Europe

(Concluded from page 1, column 1)

The first Little Entente treaty was signed August 14, 1920, between Yugoslavia and Czechoslovakia. Early the next year, when the Hapsburg emperor, Charles, made an attempt to reseat himself upon the throne of St. Stephen in Budapest, a similar agreement was concluded between Czechoslovakia and Yugoslavia. For a time, Rumania and Yugoslavia were unable to get together on account of territorial disputes, but in June 1921, when it became apparent that Hungarian activities were really dangerous and when the threat of a Hapsburg restoration seemed real, a defensive alliance, similar to the other two was concluded. Thus was laid the framework for the Little Entente which, for the last thirteen years, has not only been held intact, but which has been expanded until today the union is more closely knit than ever before.

It would be impossible, in an article of this length, even hastily to trace the history of the Little Entente since its formation. We are more interested here in looking at its present position in the European scene. It is to be noted that since 1929 there has been a gradual evolution in the structure of the organization until the Little Entente may now truly be spoken of as the "sixth great power in Europe."

## Consolidation Pact

On the twenty-first of May, 1929, the original treaties, renewed and expanded somewhat, were supplemented by a general agreement of arbitration and conciliation among the three states, thus consolidating the Little Entente's position to a greater extent than ever before. Important as this step was in guaranteeing the permanence of the union, it was overshadowed by a development, nearly four years later, which placed the Little Entente on its present footing. On February 16, 1933, the three Little Entente nations concluded a "pact of organization" as a further step toward unification and consolidation. This action was taken, it will be noted, following the accession of Hitler to power in Germany. The three nations felt that a Nazi government in Berlin would bend all its efforts, in the foreign field, toward revision of the peace treaties, a step which could not but affect them directly. Austro-German union one of the pivotal points in the Hitler foreign policy, would have placed one of the members of the Little Entente, Czechoslovakia, in an extremely precarious position, as it would have meant the virtual encirclement of that country. Moreover, the Little Entente feared any revi-

can be taken by one of the powers without the consent of the other two. All treaties of any consequence must receive the approval of a permanent council created by the pact. In addition to this, the agreement provides for the coördination of the economic interests of the members of the group.

Although the three nations have agreed to act as a unit in foreign affairs, it should not be supposed that their interests are identical. As can be seen by their geographic positions, Yugoslavia and Rumania are primarily concerned with affairs in the Balkans, while Czechoslovakia's field is in central Europe. Moreover, each nation has problems of peculiar concern to itself and not to the others. But, by and large, these differences do not involve broad and fundamental European issues. On those questions, such as revision of the peace treaties, disarmament and security, and the like, their interests are identical and they act as a single unit. Consequently, their statesmen are ever mindful to permit no action on the part of other nations which might drive a wedge into the political structure erected at Versailles.

## Relations with France

In this, they are definitely linked to France, the great defender of the *status quo*. Their diplomats have stood shoulder to shoulder with the French on nearly every major issue since the war. Their delegates to international conferences, such as League of Nations meetings and disarmament parleys, have supported and voted with the French. The Little Entente is thus an important feature of the French political structure designed to maintain the arrangements made after the war. As Edouard Benes, foreign minister of Czechoslovakia, and one of the prime movers of the whole Little Entente machine, said in an article in *L'indépendance Roumaine* at the time of French Foreign Minister Barthou's visit to Bucharest:

The visit to Bucharest of the French minister of foreign affairs, M. Barthou, which follows that which he has made to Prague and precedes his visit to Belgrade, will manifest, in a public manner, that unity between the policy of France and the policy of the Little Entente in all the principal European problems.

The same opinion was voiced by the Rumanian Foreign Minister Titulescu at the time of M. Barthou's visit to Belgrade when he declared: "The program of France is in reality also the program of the Little Entente and the success of the Little Entente is an essential part of the general peace."



STATESMEN OF EUROPE'S "SIXTH POWER" © Acme  
Ministers of the three countries forming the Little Entente are seen here as they met in Belgrade, Yugoslavia, to confer. Left to right, front row: Benes of Czechoslovakia, Titulescu of Rumania, and Jevtic of Yugoslavia.

sion of the post-war settlement, whether it affected any of its members directly, on the ground that such a step would cause the entire structure to topple over.

This pact was, in the opinion of many observers, the most significant step yet taken by the Little Entente. It created a "higher international entity," giving the organization a new status in the field of world affairs. Perhaps the outstanding provision of this agreement was the unification of foreign policies of the three countries. Under the 1933 arrangement, no important decision in the foreign field

It is true, of course, that certain elements in all three countries question the value of French support, and favor shifting the allegiance of the Little Entente to other great powers, notably Germany. Thus, in Yugoslavia and Rumania, there are groups working for closer coöperation with the Reich. In the former, this attitude has gained adherents recently as a result of a trade agreement signed between Germany and Yugoslavia by the terms of which Yugoslavia receives decided commercial advantages. But the official attitudes of the three countries remain firmly on the



—Drawn for The American Observer  
THE LITTLE ENTENTE

side of France, and there is little likelihood that there will be a change in the near future, particularly with general conditions in Europe so unsettled and dangerous.

## The Little Entente and Russia

One of the most significant and important developments in Europe during recent months has been the rapprochement between Soviet Russia and the members of the Little Entente. This, like so many other European events, is directly in line with policies emanating from the Quai d'Orsay, the French foreign office. For more than a year now, Soviet Russia and France have been drawing closer together in matters of foreign policy. In order to win the support of the Soviets against any attempts at treaty revision, France has granted considerable concessions to the Kremlin.

Hand in hand with this improvement of Franco-Soviet relations has been the gradual orientation of Soviet policy toward the Little Entente countries. The first noticeable step in this direction occurred at the World Economic Conference, during the summer of 1933, when the U. S. S. R. concluded a non-aggression pact with Czechoslovakia, Rumania and Yugoslavia. This agreement went a long way to clear the Soviet-Little Entente atmosphere which had been none too satisfactory since the war. Moreover, it was a decided step in bringing the Soviets into line with the *status quo* powers and in preparing the way for the entry of Russia into the League of Nations, which it is forecast will occur this fall, at the time of the next League Assembly meeting.

In order further to cement the friendship with the Soviets, the Little Entente states have decided to establish normal relations by extending recognition to the government in Moscow. Two of the countries, Czechoslovakia and Rumania have already recognized the Soviets, and Yugoslavia, it is understood, will do so as soon as certain questions between the two nations are settled. This rapprochement between France and Soviet Russia, on the one hand, and Russia and the Little Entente, on the other, is one of the major developments of the last year and constitutes perhaps the greatest gain France has yet made in building up her security structure of alliances and agreements.

## Economic Collaboration

Thus it can be seen that the Little Entente, as an international organization, has been eminently successful in the political field. Its achievements in the economic

domain, however, have been less noteworthy. Although repeated efforts have been made to increase the trade among the three countries, there has as yet been little progress. Only a small percentage of the foreign trade of each of the members of the Little Entente is carried on with the other two members. Their trade with Germany, Italy, Austria and Hungary is infinitely more important. Each of the Little Entente countries has agreed to import more from the other this year and next in order to strengthen the economic ties of the group.

It is extremely doubtful that a satisfactory economic arrangement can ever be worked out for the Little Entente. Czechoslovakian farmers object bitterly to the importation of agricultural products from Yugoslavia and Rumania, and Yugoslavia and Rumania have developed their own industries and are none too willing to import manufactured goods from Czechoslovakia. As Yugoslavia and Rumania are predominantly agricultural, they must find a market elsewhere for their farm products, and in like manner, Czechoslovakia must dispose of its manufactured goods. The elements of a balanced economy among the three countries are lacking and the possibility of success in the field of economic collaboration seems extremely doubtful.

This economic set-up lends weight to the argument for a Danubian federation of some kind. Such proposals have been made time and time again during recent years, only to be rebuffed by political considerations. France would be willing and anxious for such an arrangement, for it would put an end to German dreams of union with Austria. But Germany and Italy do not countenance such a plan with favor; Germany for the obvious reason that it would put an end to her aspirations in central Europe, and Italy because it would place a strong power on her front doorstep and would undoubtedly extend the region of French control. And the political differences between the Little Entente and Hungary are so great as to make such a scheme difficult, if not impossible of achievement. Obviously, if the Central European political imbroglio is to be settled on a permanently satisfactory basis, some solution for the economic dilemma, which arose in the Danubian basin in the wake of the World War must be found. This will perforce be one of the most commanding tasks of the Little Entente, a task which may determine its future as an experiment in international organization.



# Our Communications Problem

(Continued from page 1, column 4)

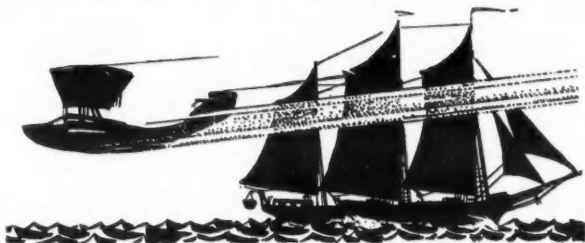
three from San Francisco to Manila, Hawaii and Java, to mention only a few.

The Western Union has the bulk of the telegraph business. It has 20,000 stations in its nation-wide set-up. Moreover, it operates ten transatlantic cable lines, three to Cuba and the West Indies, two to Mexico and one down the east coast of South America.

## Postal Telegraph

Western Union's chief, and virtually only, competitor in the telegraph field is Postal Telegraph-Cable Company. However, Postal Telegraph operates on a much smaller scale of business than Western Union. But on the other hand, Postal Telegraph is only one link in an international chain—a chain which goes by the name of International Telephone and Telegraph. Since its organization in 1920, this company has become the most important factor in the communications field outside the United States, extending its telephone, telegraph, cable and radio activities into 68 countries.

The other great commercial wireless company is the Radio Corporation of America. It has 56 circuits linking the United States with 45 different countries.



It has direct contact with the leading capitals of the world. In addition to its communication services, the RCA engages in the manufacturing and broadcasting business. It manufactures and sells broadcasting reception apparatus. In 1926 RCA bought station WEA from the American Telephone and Telegraph Company, and, with the General Electric Company and the Westinghouse Electric and Manufacturing Company, organized the National Broadcasting Company with WEA as the nucleus. Last year, however, RCA and the two electric companies separated, but the National Broadcasting Company is still a subsidiary to RCA.

This is the empire of transmission which has grown up in this country. In light of the fact that communications have become such an integral part of our society, the government feels the necessity of

regulating them in the interest of the public welfare. Until the creation of the Federal Communications Commission, several government agencies had regulatory authority over wire and wireless companies. The Federal Radio Commission and the Secretary of Commerce dealt with radio problems and the Interstate Commerce Commission regulated telephone and telegraph facilities. President Roosevelt favored centering all government supervision over communications in one body, since the problems of all are intertwined. Congress carried out the president's wishes by adopting the Federal Communications Act.

Not only does the new commission have practically all the authority over communications that the other agencies formerly had, but it is vested with even greater power. The United States Chamber of Commerce compares this increased government supervision with that now exercised over railroads by the Interstate Commerce Commission.

## Pressing Problems

Prominent among the problems commanding the commission's attention are those raised by charges of monopoly, the complicated questions involved in the distribution of radio licenses among applicants for wave lengths; the equalization of radio broadcasting service among the five regional zones into which the country has been divided by law; the question of whether or not competition shall continue in the field of domestic and external communications; and the general problem of public regulation of communication services.

The commission will make a thorough study of these problems. It will also consider the proposal that Congress by statute allocate fixed percentages of broadcasting facilities to particular types of non-profit radio programs—programs minus the customary "sales talks" which have become so objectionable to many radio listeners. In addition it will pass on all applications for radio licenses or for the renewal of existing station licenses, and will require that reasonable charges be made by all telegraph, telephone and cable companies engaged in sending messages in interstate or foreign commerce.

By far the most important issue in this

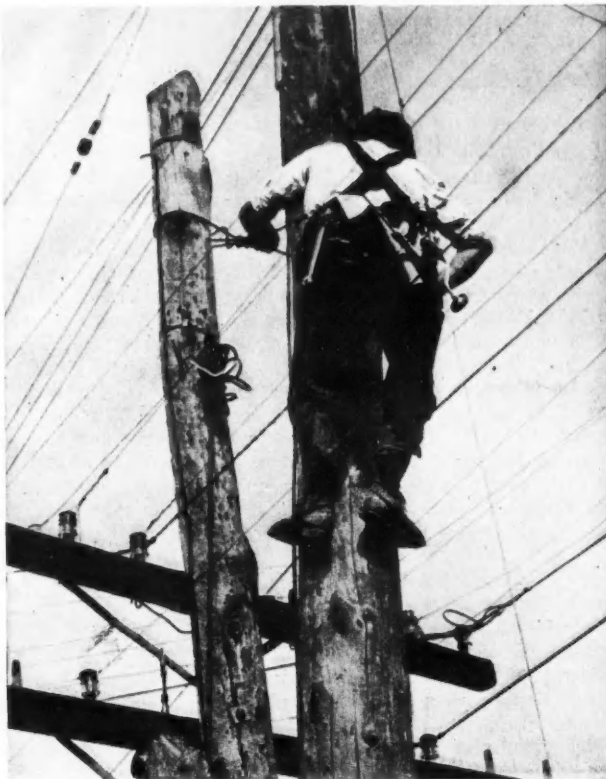
connection, however, is whether or not competition shall continue in the field of communications. Since there are so few companies in control of communication facilities, it is contended by many that these facilities should be unified in the hands of a single private company under strict government regulation. Such a unification process would eliminate the need of duplicate poles and wires on land and cable lines under-sea; of duplicate offices, equipment and personnel from messenger boys to high executives. Both capital cost and labor cost could be materially reduced, and the public would benefit by cheaper rates.

So goes the argument for unification.

The Postal Telegraph-Cable Company has long been in favor of this plan. It feels that Western Union has a monopoly in the telegraph field which is difficult to buck up against. Owen D. Young, chairman of the board of the General Electric Company is also in favor of such a combination. He would like to see a merger of Postal Telegraph, Western Union and RCA into one unified system under government regulation. He thinks it would be in the public interest, and would give the United States a greater opportunity to compete with foreign nations for the communications business of the world. Great Britain, Japan, France and Italy have already brought their radio and cable communication facilities under unified systems.

## Opposition to Merger

On the other hand, Newcomb Carlton, president of the Western Union is drastically opposed to such a combination in this country. He is firmly convinced that



THE LINEMAN

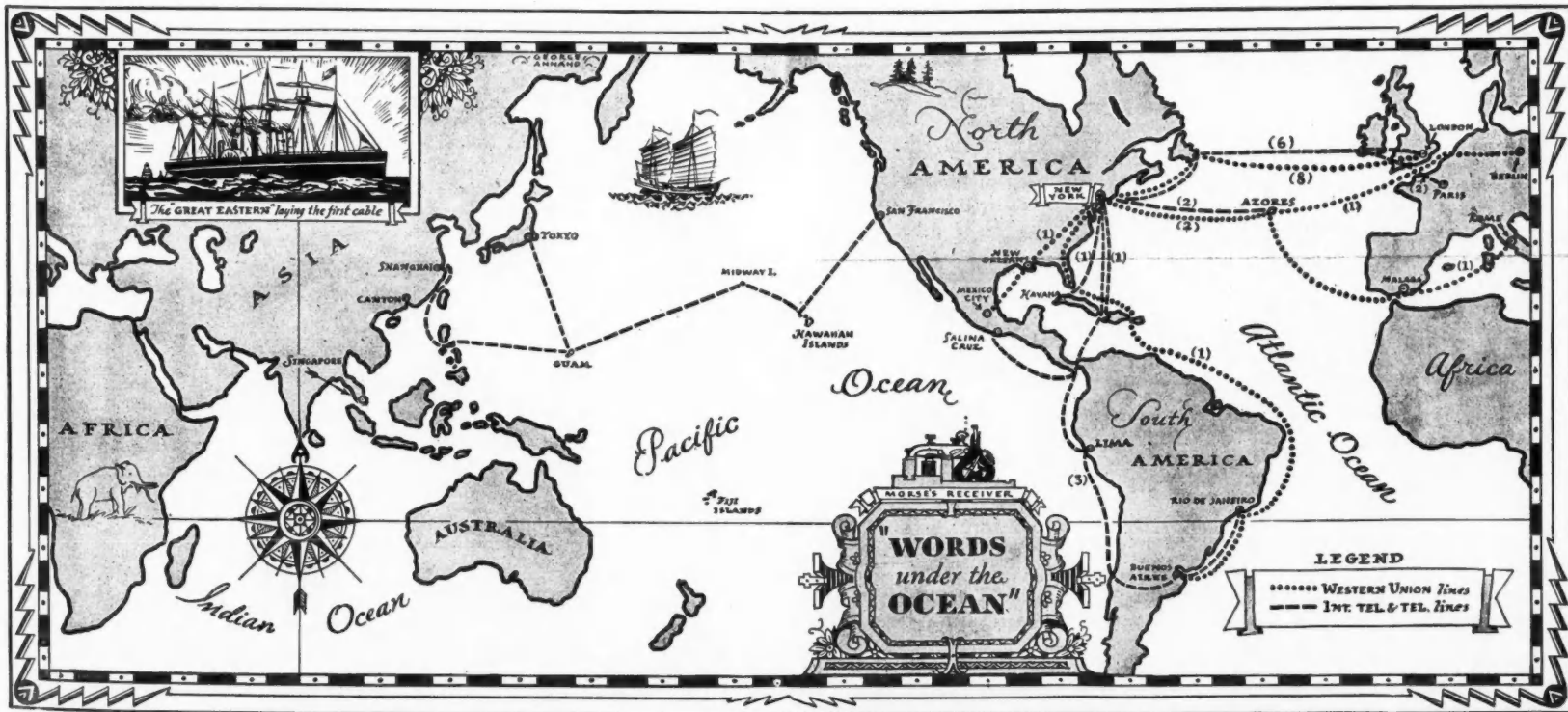
© Pardoe

Business would come to a standstill if any major catastrophe befell our communication system. Thousands of men keep in repair the miles of copper wires.

it would be a harmful act to deprive the nation of "the stimulating effects of competition in communications." He belongs to the school of opinion which believes that competition for profit is essential to the growing efficiency of business.

The contrasting viewpoints of the Postal Telegraph and Western Union are natural enough. Western Union is an old established company and has, by constantly improving its service, gained the nation's greatest share of telegraph business. The Postal Telegraph, on the other hand, is a younger company and has not been able to acquire the facilities or the business that Western Union has. Therefore, it realizes the advantage to be gained by combining with Western Union, while the latter company sees no advantage to it in such a merger.

What is the government's position relative to this matter? In the past, it has been opposed to monopoly in the wire and wireless communications industry. Lately, (Concluded on page 5, column 4)



This map shows the major properties of our two cable competitors. The permalloy cable to Europe, owned by Western Union, is the last word in underwater communication. Not included on the map are the many circuits of R. C. A. Communications, Inc., which has channels to Europe, Africa, the West Indies, Central and South America, and from the Pacific Coast to Asia.

—From WORLD'S WORK





# The National Capital Week by Week

## A Record of the Government in Action

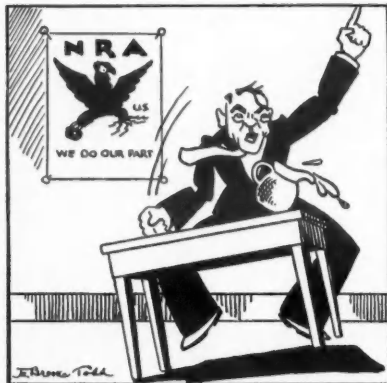


THE NRA is in the midst of another readjustment period, this time perhaps more drastic than on any of the previous occasions when announcements of changes were made. Several times in the last eight or nine months it has been stated that the NRA was entering an administrative or executive phase, after the original organizing period. Always this news was accompanied by rumors that the organizing genius, General Johnson, (admittedly much less capable in the role of a calm, long-time executive), was on his way out. However, none of these anticipated revisions resulted in Johnson's resignation, and none of them altered materially the structure and method of NRA.

### Ending Campaign Methods

Because the recovery administration has remained under a leadership designed primarily to wage a campaign of enlistment, it has suffered a gradual demoralization during recent months. This fact is undeniable, and division heads and employees within the NRA itself have freely admitted as much. They have felt for some time that the campaign psychology and means of operation should be ended. Enough codes have been made to bring ninety per cent of interstate American business into line. What is needed now, and has been needed for at least three months, is efficient administration similar to that of many regular government departments.

Coupled with this realization is a widespread sentiment that General Johnson has done his work and should let well enough alone. The general is in wretched condition physically, no matter how much he may deny it. He has worn himself out in the service of NRA, and has consistently refused to quit, because of a dogged conviction that he was still desperately needed.



—By TODD

THE GENERAL SPEAKS

President Roosevelt has urged him to take at least a month's vacation. His deputy administrators begged him to take a vacation. In fact it seemed that the only person in Washington who didn't want General Johnson to take a long rest, for his own good and that of the NRA, was Hugh S. Johnson.

His hair-trigger nerve reactions have worn to an even finer point than in the early "crack-down" days of last year. And his ready tongue responds even more quickly to the first barbed Johnsonian phrase which pops into his mind. It was said of the mythical sixth grade pupil, little Willie, "Every time he opens his mouth he puts his foot in it." Despairing friends of the NRA administrator have begun to believe that he and little Willie have much in common.

The latest illustration of this unfortunate tendency occurred in Johnson's recent appearance at Waterloo, Iowa, opening his western speaking tour. After a few days' relaxation at Saratoga Springs, the general was tired of inactivity and returned to Washington to prepare some of his scheduled addresses. Then he boarded a plane for the West.

His Waterloo speech was a vigorous defense of the NRA, and he compared the freedom of the democratic United States with the ruthless suppression of individual liberties in some other lands. It was a strong denunciation of the recent "purging" in Nazi Germany that put Johnson (and the State Department) in hot water. The German government, through Dr. Rudolph Leitner, its *chargé d'affaires* at Washington, protested to Secretary Hull, who was placed in a most embarrassing position. Hull told Leitner that Johnson had spoken as an individual and not for the American government.

Later it was feared that Mexico would also ask for an explanation, for Johnson made an uncomplimentary reference to the violence he had witnessed during the conflict some years ago between Pancho Villa and the former Mexican régime. Regardless of how closely Johnson's assertions approached the general opinion of Americans about Germany and Mexico, they gave the State Department a few uneasy hours.

As for the reorganization of the NRA, no one knows whether Johnson will remain in command. During his absence this summer, five of his aides are taking charge; General Johnson requested this in a letter to the president. A new blanket code has been drawn for 450 small industries which have not yet procured specific individual codes. Donald Richberg is said to be thinking about the general revision necessary in NRA after President Roosevelt returns to Washington. The president, meanwhile has stated that Johnson may hold his job as long as he likes.

### Hull Trying to Collect

Turning from the chief recovery agency to the first of the regular government departments, we find that Secretary of State Hull has been spending the last two weeks studying the problem of debts owed to American citizens by the German govern-

ment. Under the Dawes and Young plans for the rehabilitation of Germany after the World War, bonds were floated in this country as well as in England, Holland and various other nations. Thousands of Americans bought the bonds, which were secured by the highest promises of the German government.

Now Germany wants a further moratorium on the interest payments due in the next year. But the British and Dutch governments have made an arrangement whereby holders of the bonds in those countries will receive interest payments. Secretary Hull wants the same treatment

for Americans, and he has sent several strongly worded notes to be delivered by Ambassador William E. Dodd in Berlin.

The latest of these messages declares that equality must be given to creditors in the United States without any further discussion of a deal involving "trade concessions, clearing arrangements or similar measures." From this statement it is inferred that German officials had asked for some special trade bargain in exchange for payment of the debt service charges. Mr. Hull points out in his communication that, while this money is due to private citizens, the American government must insist on fair treatment for them, as compared to the settlements agreed upon for Britons and Hollanders.

Another financial matter which has attracted considerable interest in the capital recently concerns the RFC, the Baltimore and Ohio Railroad Company, and two New York banking firms. The B. and O. wanted to borrow fifty million dollars through the sale of a five-year bond issue. The banking firms of Kuhn, Loeb and Company and Speyer and Company were to sell the bonds for a commission and collect from the railroad company the annual interest payments for investors.

The banks wanted to charge a total of five and one-half per cent annually, to cover the interest and the bankers' com-



Acme

**DEPOSIT INSURANCE REALLY INSURES**  
Mrs. Lydia Lobsiger, a widow of East Peoria, Illinois, was the first person to receive an insurance payment on a deposit in a closed bank, under the protection of the Federal Deposit Insurance Corporation. Her life savings, amounting to \$1,250, were returned to her.

mission. Railroad officials thought this was too much, and mentioned the matter to the RFC. Immediately the RFC offered to do the same financing work for a flat five per cent. This in turn brought a satisfactory response from the railroad's bankers. They offered to float the loan for an annual sum amounting to 4.7 per cent.

Under the terms of this offer, which was accepted, the RFC agreed to take over any part of the \$50,000,000 issue which the bankers may fail to sell. The savings for the Baltimore and Ohio will run to about \$275,000 annually for five years, or a total of \$1,375,000. Most of the money borrowed will be used to retire earlier debts of the road which fall due soon, and which bear higher rates of interest. In this case the mechanism of the RFC was used to persuade the bankers to lower their charges—in other words, to reduce their margin of profit.

While it has been able to do nothing about the San Francisco general strike because of its limited powers under the law, the new National Labor Relations Board has acted swiftly in several less serious disputes. The new board, headed by Lloyd Garrison, former dean of the University of Wisconsin law school, cited eight industrial concerns to show cause why their cases should not be referred to the Department of Justice and the NRA compliance division for removal of Blue Eagles. Each of these cases involved wage and hour arguments with employees.

## Something to Think About

1. What is meant by the statement that the Little Entente was formed to accomplish a negative purpose?
2. Explain the European situation which led to the consolidation of the Little Entente in February, 1933, through the pact of organization. How did that agreement alter the status of the Little Entente?
3. What effect is likely to result from the recognition of Soviet Russia by two members of the Little Entente and the prospective recognition by the third member?
4. Has the Little Entente been successful as an experiment in economic cooperation? Why? What, in your opinion, are the future possibilities along this line?
5. Name several important problems commanding the attention of the new Federal Communications Commission. What does the government hope to accomplish by establishing this commission?
6. Are you for or against the unification of telegraph, telephone, cable and radio services? Give your reasons.
7. Explain why radio is considered a natural monopoly. Does this imply that it should be owned and operated by the government?
8. Why is Western Union opposed to a merger with Postal Telegraph?

9. What authority and machinery does the federal government have for the settlement of disputes between capital and labor? Do you believe that the national government should set up machinery for compulsory arbitration of industrial disputes?

10. Explain the basis for the statement: "The NRA has suffered a gradual demoralization during recent months."

11. Why may Germany be expected to oppose the proposed Eastern Locarno pacts?

**REFERENCES:** (a) The Status of the Little Entente in International Politics. *World Unity*, January, 1934, pp. 209-219. (b) From Prague to Ankara. *Central European Observer*, June 29, 1934, pp. 227-228. (c) Hapsburgs Again? *Foreign Affairs*, July, 1934, pp. 579-591. (d) The Communications Problem. *Congressional Digest*, April, 1930, pp. 97-128. (e) Wire Entanglements. *World's Work*, March, 1931, pp. 23-29.

**PRONUNCIATIONS:** Quai d'Orsay (kay dor-say'), Cortes (kor'tays), Benes (ben-ash'—a as in ate), Titulescu (tee-too-lesh'koo), L'Indépendance Roumaine (lan-day-pon-dons' roo-men'), Salzburg (salts'boorg), Jevtic (yave'teech), Pancho Villa (pahn'cho veel'yah—o as in go), *chargé d'affaires* (shar-zay da-fare—z as in azure), Leitner (lit'ner—i as in ice).